

## REMARKS

In response to the Office Action mailed April 12, 2002, the Applicants submit the below remarks and respectfully request reconsideration of the application, as amended, in light of these remarks.

The Examiner rejected claims 1-3, 8-10 and 12 under 35 U.S.C. 103(a) as being unpatentable over U.S. Patent 5,794,221 (hereinafter Egendorf) in view of U.S. Patent 6,016,484 (hereinafter Williams). Claim 4 was rejected under 35 U.S.C. 103(a) as being unpatentable over Egendorf in view of Williams and further in view of U.S. Patent 6,049,785 (hereinafter Gifford). Claims 5-6 and 11 were rejected under 35 U.S.C. 103(a) as being unpatentable over Egendorf in view of Williams and further in view of U.S. Patent 5,978,780 (hereinafter Watson). Claim 7 under 35 U.S.C. 103(a) as being unpatentable over Egendorf in view of Williams and further in view of a press release entitled "eBay's Deal with Wells Fargo Allows Sellers to Accept Credit" authored by J. Tessler (hereinafter Tessler).

Egendorf discloses an Internet billing method wherein an agreement between a customer and an Internet access provider is established and an agreement between the Internet access provider and a vendor is established (see Abstract). The agreement between the provider and the customer provides that the provider will bill the customer for goods and services purchased by the customers from vendors over the Internet (Column 5, lines 1-4). The agreement between the provider and the vendor provides the remitting account information specifying a particular vendor account to which a portion of the amount billed to the client's account, i.e., customer's account, by the provider is deposited (Column 6, lines 52-55).

Contrary to the presently claimed invention, Egendorf does not teach or suggest informing the customer about the payment instruments that are acceptable to the vendor, enabling the customer to select a preferred payment instrument from the payment instruments acceptable to the vendor, and then performing a risk analysis to determine whether the customer is qualified to use the preferred payment instrument. Rather, in Egendorf, when a business transaction between the customer and the vendor is completed, the provider bills the customer account for the appropriate amount and deposits the portion of this amount into a vendor account specified in the agreement between the provider and the vendor. Accordingly, in Egendorf, the customer is unaware which payment instruments are acceptable to the vendor, the vendor is unaware which payment instrument is preferred by the customer, and no risk analysis is performed to determine whether the customer is qualified to use the preferred payment instrument. As such, Egendorf lacks at least the features of the presently claimed invention that involve performing risk analysis pertaining to the online payment transaction between the customer and the vendor to determine whether the customer is qualified to use a payment instrument selected by the customer from the payment instruments acceptable to the vendor.

Williams does not help Egendorf. Williams discloses a client-based electronic monetary system emulating a wallet or a purse that is customarily used for storing money, credit cards and other payment instruments. The wallet is used when

a message requesting the payment is received from a merchant system. The message may identify the payment instruments that the merchant accepts and the payment protocol preferences. Access to the wallet is restricted by a password. When access is authorized, a graphical representation of the payment instruments is presented on the display to enable the user to select a payment instrument for use in a particular transaction. Once a payment instrument is selected, a summary of the goods for purchase are presented to the user and the user enters the electronic approval for the transaction or cancels the transaction. Accordingly, in Williams, the transaction is conducted directly between the merchant and the customer and not via an intermediary system that facilitates payment transactions between multiple participants in a transaction facility, as done in the presently claimed invention. Furthermore, even assuming as suggested by the Examiner that it would be obvious to modify the invention of Egendorf by incorporating teachings of Williams, Williams does not teach or suggest at least performing risk analysis to determine whether the customer is qualified to use a preferred payment instrument selected by the customer from payment instruments acceptable to the merchant. Thus, Williams lacks at least the same features of the presently claimed invention that are lacking from Egendorf.

Furthermore, each of the additional references cited by the Examiner that include Gifford, Watson and Tessler does not teach or suggest at least the features of the presently claimed invention that are lacking in both Egendorf and Williams.

Accordingly, the references cited by the Examiner taken alone or in combination lack at least the features that are included in the following claim language of claim 1:

...performing risk analysis pertaining to an online payment transaction between the first participant and the second participant to determine whether the second participant is qualified to use a payment instrument selected by the second participant from the at least one payment instrument acceptable to the first participant; and

accepting personal billing information concerning the selected payment instrument if the second participant is qualified to use the selected payment instrument, the personal billing information being accepted via the communications network to facilitate the online payment transaction between the first participant and the second participant.

The above features of the present invention are also included in the claim language of claims 13 and 25. Accordingly, Applicants respectfully submit that Applicants' invention as claimed in independent claims 1, 13 and 25 and corresponding dependent claims 1-12 and 14-24 is not rendered obvious by the above references, and respectfully request the withdrawal of the rejection under 35 U.S.C. § 103(a). Applicants furthermore submit that all pending claims are in condition for allowance, which is earnestly solicited.

If the Examiner determines that the prompt allowance of these claims could be facilitated by a telephone conference, the Examiner is invited to contact Marina Portnova at (408) 720-8300.


**Deposit Account Authorization**

Authorization is hereby given to charge our Deposit Account No. 02-2666 for any charges that may be due. Furthermore, if an extension is required, then Applicant hereby requests such extension.

Respectfully submitted,

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## MARKED UP VERSION OF THE CLAIMS

1. (Amended) A method for facilitating online payment transactions between participants in a network-based transaction facility, the method comprising:
  - communicating information to a first participant via a communications network, the information identifying a plurality of payment instruments available for processing online payment transactions in the network-based transaction facility;
  - receiving payment option information from the first participant via the communications network, the payment option information indicating a willingness of the first participant to accept payments from a second participant via at least one of the plurality of payment instruments;
  - communicating the payment option information to the second participant via the communications network;
  - performing a risk analysis pertaining to an online payment transaction between the first participant and the second participant to determine whether the second participant is qualified to use a payment instrument selected by the second participant from the at least one payment instrument acceptable to the first participant; and
  - accepting personal billing information concerning [a] the selected payment instrument [selected by the second participant from the at least one payment instrument acceptable to the first participant] if the second participant is qualified to

use the selected payment instrument, the personal billing information being accepted via the communications network to facilitate [an] the online payment transaction between the first participant and the second participant.

10. (Amended) The method of claim 1 further comprising:

enabling the second participant to initiate the online payment transaction via communications network;

communicating to the first participant information indicating a willingness of the second participant to use at least one of the plurality of payment instruments;

[determining that the second participant is qualified to use the one of the plurality of payment instruments;] and

providing a billing information interface to the second participant to obtain personal billing information concerning the at least one of the plurality of payment instruments if the second participant is qualified to use the at least one of the plurality of payment instruments.

13. (Amended) A system for facilitating online payment transactions between participants in a network-based transaction facility, the system comprising:

the network-based transaction facility to implement a transaction system that facilitates business transactions between a user and a further user;

a client, coupled to the network-based transaction facility, to present

information identifying a plurality of payment instruments available for processing online payment transactions pertaining to corresponding business transactions and to communicate payment option information of the user over a communications network, the payment option information indicating a willingness of the user to accept a payment from the further user via at least one of the plurality of payment instruments; and

an online payment service, coupled to the network-based transaction facility and the client via the communications network, to receive the payment option information from the client, to make the payment option information available to the further user via the communications network, to enable the further user to select a preferred payment instrument from the at least one of the payment instruments acceptable to the user, to determine whether the further user is qualified to use the preferred payment instrument based on a risk analysis pertaining to an online payment transaction between the first participant and the second participant, and to accept personal billing information concerning the preferred payment instrument from the further user via the communications network if the further user is qualified to use the preferred payment instrument.

14. (Amended) The system of claim 13 wherein the online payment service comprises:



a risk management system to dynamically evaluate risk involved in the online payment transaction between the [first participant] user and the [second participant] further user; and

a payment processing system to restrict the online payment transaction based on the evaluated risk.

15. (Amended) The system of claim 14 wherein the involved risk is evaluated using various information concerning the [first participant] user and the [second participant] further user, the various information including information stored by an online payment service and information obtained from any one of a plurality of third party risk analysis providers via the communications network.

16. (Amended) The system of claim 14 wherein the involved risk is evaluated at various stages of the online payment transaction between the [first participant] user and the [second participant] further user.

17. (Amended) The system of claim 13 wherein the online payment service is further configured to

accept multiple payments issued to the [first participant] user in a course of business transactions conducted by the [first participant] user;

accumulate the multiple payments over a period of time as a single

accumulated payment, and

disburse the single accumulated payment to the [first participant] user.

20. (Amended) The system of claim 13 wherein the online payment service is configured to

communicate the personal billing information of the [second participant] further user to a financial institution to process the online payment transaction, the personal billing information being communicated over the communications network, and

notify the [first participant] user when the online payment transaction completes.

21. (Amended) The system of claim 13 wherein the online payment service is configured to

enable the [first participant] user to initiate the online payment transaction via communications network,

communicate to the [first participant] user an invoice form interface to obtain invoice information from the [first participant] user,

determine that the [first participant] user is qualified to initiate the online payment transaction described by terms included in the invoice information, and

pass the invoice information to the [second participant] further user.

22. (Amended) The system of claim 13 wherein the online payment service is configured to

enable the [second participant] further user to initiate the online payment transaction via communications network,

communicate to the [first participant] user information indicating a willingness of the [second participant] further user to use at least one of the plurality of payment instruments,

[determine that the second participant is qualified to use the one of the plurality of payment instruments,] and

provide a billing information interface to the [second participant] further user to obtain personal billing information concerning the at least one of the plurality of payment instruments if the further user is qualified to use the at least one of the plurality of payment instruments.

24. (Amended) The system of claim 13 wherein the personal billing information of the [second participant] further user is not disclosed to the [first participant] user unless permitted by the [second participant] further user.

25. (Amended) A machine-readable medium comprising instructions, which when executed on a machine, cause the machine to perform a method for facilitating online

payment transactions between participants in a network-based transaction facility, the method comprising:

communicating information to a first participant via a communications network, the information identifying a plurality of payment instruments available for processing online payment transactions in the network-based transaction facility;

receiving payment option information from the first participant via the communications network, the payment option information indicating a willingness of the first participant to accept payments from a second participant via at least one of the plurality of payment instruments;

communicating the payment option information [on] to the second participant via the communications network;

performing a risk analysis pertaining to an online payment transaction between the first participant and the second participant to determine whether the second participant is qualified to use a payment instrument selected by the second participant from the at least one payment instrument acceptable to the first participant; and accepting personal billing information concerning [a] the selected payment instrument [selected by the second participant from the at least one payment instrument acceptable to the first participant] if the second participant is qualified to use the selected payment instrument, the personal billing information being accepted via the communications network to facilitate [an] the online payment transaction between the first participant and the second participant.